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## *Memorandum*

TO: BATA Oversight Committee

DATE: April 7, 2010

FR: Executive Director

RE: Annual Approval of Resolution No. 51, Revised – BATA Debt Policy

Staff recommends that the Committee approve Resolution No. 51, Revised reauthorizing the BATA Debt Policy.

Staff is recommending one change to the debt policy which affects required level of debt service reserve funding. A fully funded debt service reserve is traditionally required by investors of tax exempt debt. In the taxable world (Build America Bonds Program) investors do not require debt service reserves. In fact, taxable investors give little or no credit when bond issues do have fully funded reserves. As such, if the lack of a reserve in a taxable issuance does no harm, staff recommends allowing the option to limit or not fund reserves in a taxable deal.

The debt policy was first adopted in 2005 to establish parameters for the issuance of all debt and a means of following “best practices” in the issuance and administration of debt. The policy covers the type of debt authorized, sets maximum rates and terms as well as credit standards for financial partners. The policy also requires annual review and approval.

Staff recommends approval of Resolution No. 51, Revised.

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Steve Heminger

SH:bm:cj